

**Testimony of**  
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**China’s Activities in Southeast Asia and**  
**the Implications for U.S. Interests**

**Introduction:**

Vice Chairman Bartholomew, Commissioner Wortzel and members of the Commission, thank you for inviting me to appear before the Commission today to provide testimony on China’s defense related activities in Southeast Asia and the implications for U.S. interests. This is an issue to which the Department of Defense pays close attention and I commend the Commission’s continuing interest in this important topic.

From this Administration, you will hear the consistent theme that the United States is a Pacific nation in every regard – geopolitically, militarily, diplomatically, and economically. Asia and the Pacific are indispensable to addressing the challenges and seizing the opportunities of the 21<sup>st</sup> century. Our Alliances with Japan, South Korea, Australia, Thailand, and the Philippines remain the bedrock of our presence and engagement in Asia-Pacific. The security and stability provided through these relationships have been critical to the region’s success and development. Our shared values and strategic interests enabled generations to grow up and prosper in a region largely at peace, and they remain key to maintaining stability and

security. The Obama Administration is committed to strengthening these alliances to address both continuing and emerging challenges. In addition, we are committed to strengthening relationships with other key players. We are pursuing a strategic dialogue with India as well as a comprehensive partnership with Indonesia. We are also working on strengthening our partnerships with newer partners like Vietnam and longstanding partners like Singapore.

### **Southeast Asia's Geostrategic Importance**

Southeast Asia is a critical part of the Asia-Pacific region. This region is home to over 550 million people, the world's largest Muslim-majority nation, a regional economy of over \$1 trillion, and the world's most strategic waterways, where 50 percent of global trade and one-third of world oil supplies transit.

Southeast Asia will play a critical role in defining the future of the region writ large, and continued U.S. engagement with the region allows the United States to shape that future. It is a region that is central to the continued peace and stability of all Asia-Pacific as well as the continued economic prosperity of the United States. U.S.-Southeast Asian trade amounts to over \$200 billion annually with U.S. investment in the region over \$100 billion.

Given the importance of Southeast Asia to overall regional stability and our economy, the United States has significant interests in the region, for example regional stability, counter-terrorism, business, and the continued access to the global commons for the freedom of movement for people, goods, and military assets.

This week, the Quadrennial Defense Review was released and it highlights the importance of the need for the United States' continued access to the global commons. The QDR states that in the 21<sup>st</sup> Century, "...the global commons will take on added importance. The global commons are domains or areas that no one state controls but on which all rely. They constitute the connective tissue of the international system. Global security and prosperity are contingent on the free flow of goods shipped by air or sea, as well as information transmitted under the ocean..." We believe that Southeast Asia, as a critical part of the global commons, will be an area where this access may be tested due to the critical nature of the sea lines of communication that run through this region and affect so many nations.

## **China's Activities in Southeast Asia:**

While the United States continues to pursue a robust engagement strategy with the countries of the region to ensure the protection of our interests, we recognize that we are not the only power that values the strategic dividends that result from strong security ties with the nations of Southeast Asia, given the region sits astride a rising China and an emerging India. Of the handful of other powers that have active engagement in Southeast Asia – China, India, Japan, Korea, Australia, and even Russia – China in recent years has stepped up its diplomatic, economic, and military activities in the region – consistent with its “go out strategy” to advance and protect its regional interests and influence.

China as a strategic actor in Southeast Asia is not new – Beijing has long placed priority on its relations with Southeast Asian nations, considering the region essential to the stability of its southwestern borders, as a market for export goods, and as a source for critical raw materials. During the course of the 19<sup>th</sup> and 20<sup>th</sup> centuries, China withdrew from its historical regional preeminence, but appears poised in the 21<sup>st</sup> century to seek to recapture it. To build its influence and ensure access, China is pursuing a network of strengthened bilateral relationships complemented by broader engagement with ASEAN and its component states. From China's perspective, multi-level engagement prevents the alignment of states against its interests, establishes the means for preferential access on a bilateral basis, and promotes the image it wishes to project consistent with its theme of seeking a “harmonious world.” The importance of Southeast Asia to China's continued economic development has grown larger as its economy has grown because the resources that China needs to maintain its growth, security, and stability flow through the region.

China is developing these relationships by using all elements of its national power – diplomatic, economic, cultural, military, and informational – and its employment of these instruments appears largely consistent with its stated long-term interests, which include establishing and maintaining regional influence, defending its territorial claims, and leveraging regional access for markets, resources, and secure transit routes whether they are on land or sea.

Within the Department of Defense, we pay particular attention to China's military activities in the region, to include presence, security assistance, and military-to-military engagements. Recent trends in this regard include:

- Increasing the number and frequency of reciprocal visits by Chinese and Southeast Asian defense ministers and military chiefs;
- The signing of a number of broad, bilateral defense framework agreements namely with Thailand, the Philippines, Malaysia, and Vietnam;
- Observing regional military exercises, including those where we have invited them, such as Cobra Gold.
- Participating in bilateral exercises with Thailand and Singapore as well as conducting joint sea patrols with Vietnam.
- Offering Southeast Asian military representatives more opportunities to attend Chinese military education programs; and
- Selling military equipment to select nations in the region.

Most Southeast Asian states have been receptive to China's defense engagement – particularly in areas that are congruent with their individual security interests, particularly as it relates to security assistance and educational exchanges – and view defense ties as a natural complement to China's increasing economic and diplomatic engagement. Still, defense ties remain relatively modest in comparison and China is long from becoming the security partner of choice to the region as a whole.

We closely monitor China's activities and note that its "no strings" aid policies – to include weapons and military equipment – can often serve ends that are inconsistent with our own as we seek to promote stability, good governance, rule of law, and respect for human rights. However, we do not view China's engagement in the region as a zero-sum game. To the extent that we can, we are encouraging China to increase its cooperation with the international community in the delivery of international public goods. Here we see great potential for China to bring its growing capacities to bear in support of finding common solutions to common problems, particularly in the areas of non-traditional and transnational threats such as counter-piracy,

non-proliferation, counter-narcotics, humanitarian assistance and disaster relief. Further, greater engagement by China in the region, does not preclude the United States from doing more—and we are.

In fact, as China becomes more present, regional awareness of the importance of a vibrant U.S. stabilizing presence remains strong, and has in some areas increased. These trends actually favor closer ties to the United States as Southeast Asian nations desire an active and engaged U.S. presence in the region to serve as a counterbalance to China. Southeast Asian nations highly value United States engagement because it comes from a country that is not directly on any of their borders, has no territorial claims, and has a long history of having and supporting mutual interest.

### **The South China Sea:**

One area in which China has taken a more assertive position is in its handling of the persistent territorial and maritime disputes in Southeast Asia and the South China Sea. In recent years, we have observed an increase in friction and tension over these disputes, frictions that stand in contrast to the relatively peaceful and cooperative focus on diplomatic solutions that characterized the issue following the landmark 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea.

The sources of the rising friction are varied:

- Increased demand for oil and natural gas naturally increases the perceived stakes among claimants in securing resource rights;
- Deadlines for the filing of extended continental shelf claims under the UN Convention on the Law of Sea;
- Rising nationalism, which increases the sensitivity among governments and peoples to perceived slights and infringements related to territory and sovereignty; and
- China's growing military capabilities, which have become a factor affecting the tone and tenor of dialogue on regional maritime disputes.

The Department of Defense views Chinese behavior in its Exclusive Economic Zone (EEZ) and more broadly in the South China Sea region – a

large section of which China claims sovereignty over – as having two basic premises.

Firstly, there is the strategic issue of China's assertion of sovereignty over the bulk of the South China Sea. This plays out mainly on the political and economic fronts, and China actively opposes any activity by other claimants to assert their own sovereignty claims. Vietnam, Taiwan, the Philippines, Malaysia, Indonesia and Brunei each claim sovereignty over land features within the South China Sea (SCS); many of these claims are conflicting – notably in areas around the Spratly and Paracel islands.

Secondly, to support the growing strategic and political emphasis in this region, China has increased and will continue to increase, its force posture in the South China Sea. As the PLA has upgraded its facilities on Hainan Island, for example, we see a direct correlation with China's assertiveness in its reaction to U.S. surface and air activity.

Understanding the strategic premise does not imply that the Department accepts the manner in which China has asserted itself in this region. We strongly object to behavior that puts at risk the safety of our vessels and is a clear violation of international norms of behavior in ocean waters outside territorial seas. The Department will continue to leverage all available channels to communicate this position to our PLA counterparts. The two sides convened a Special Meeting under the provisions of the U.S.-China Military Maritime Consultative Agreement (MMCA) (1998) in August 2009 to review ways to invigorate the MMCA process, improve communications, and reduce the chances of an incident or accident between our two forces as they operate near each other.

Further, we reject any nation's attempt to place limits on the exercise of high seas freedoms within an EEZ. It has been the position of the United States since 1982 when the Convention was established, that the navigational rights and freedoms applicable within the EEZ are qualitatively and quantitatively the same as those rights and freedoms applicable on the high seas. We note that almost 40% of the world's oceans lie within the 200 nautical mile EEZs, and it is essential to the global economy and international peace and security that navigational rights and freedoms within the EEZ be vigorously asserted and preserved.

Our military activity in this region is routine and in accordance with customary international law as reflected in the 1982 Law of the Sea

Convention. We have consistently reiterated our basic policy towards the competing claims in the South China Sea that the U.S. does not take sides in the territorial disputes and supports a peaceful solution that protects freedom of navigation.

## **U.S. Engagement in Southeast Asia**

In support of our strategic goals, the U.S. government has sought greater engagement throughout Southeast Asia and the broader Asia-Pacific region through a whole-of-government approach. The Department of Defense has embarked on a multi-pronged strategy that includes:

- 1) Clearly demonstrating, through word and deed, that U.S. forces will remain present and postured as the preeminent military force in the region;
- 2) Deliberate and calibrated assertions of our freedom of navigation rights by U.S. Navy vessels;
- 3) Building stronger security relationships with partners in the region, at both the policy level through strategic dialogues and at the operational level through military exchanges, exercises and training; and
- 4) Active participation in multinational forums that address security issues such as the ASEAN Regional Forum.

To this end, we have coupled our military presence in northeast Asia and the central and western Pacific with a focus on expanding and deepening our defense diplomacy and capacity building programs in Southeast Asia as important efforts to enhance our “resident power” status in the region and more effectively address the region’s diffuse security challenges. We recognize that the challenges this region faces cannot simply be overcome by one, or even two countries, no matter how wealthy or powerful.

Our continued engagement with Thailand and the Philippines, our two treaty allies in Southeast Asia, and partners in the region has strengthened and deepened our security relationships. In 2008, we celebrated the 175<sup>th</sup> anniversary of U.S.-Thailand relations, and we look forward to continuing to build upon this alliance with expanded cooperation in the coming years. Our alliance with the Philippines has deepened as we tackle challenges ranging from terrorism to disaster relief to defense reform. Secretary Gates’ trip to

Manila last year further solidified this relationship. And, as we work with our partners in the region, the Department looks forward to enhancing our defense relationship with Indonesia as we build a new comprehensive partnership. Our partnership with Singapore remains strong and is a key part of how we maintain our presence in the region.

We have recently established high-level defense policy dialogues with Vietnam, Cambodia, and Malaysia that complement our already strong consultative mechanisms with the Philippines, Singapore, Thailand, and Indonesia. Through a variety of security cooperation activities that range from seminars and multilateral exercises, we are also helping the countries of the region overcome longstanding historical and cultural barriers that inhibit multi-lateral security cooperation.

One of the areas in which we are most engaged is maritime-security – and efforts to combat piracy and proliferation. The United States Pacific Command works closely with a number of allies and nations – Indonesia, Malaysia, and the Philippines – to provide training and equipment, from radars to patrol craft, enabling them to assert control over waterways that have been used by drug smugglers, weapons smugglers, and terrorists. The United States has also provided assistance to help nations work together: for example Indonesia, Malaysia, Singapore, the Philippines, and others are securing and improving transit routes in the region.

### **U.S.-China Engagement as it Impacts on Southeast Asia**

Our approach to China's increased engagement in the Southeast Asia region is part and parcel not only of our engagement with Southeast Asia, but also to our overall approach to U.S.-China bilateral relations. From our perspective, we believe that the complexity of the security environment, both in the Southeast Asia region and globally, calls for a continuous dialogue between the armed forces of the United States and China, at all levels, to expand practical cooperation where our national interests converge and to discuss candidly those areas where we have disagreement. By pursuing this approach, the U.S. and PRC militaries will be in a better position to seize opportunities for cooperation, improve our mechanisms for communication, and reduce the risk of incidents or accidents between our military forces when they operate near each other.

At the moment, Washington and Beijing's strategic interests are not fundamentally at odds in Southeast Asia. We both seek regional stability



and want to encourage growth, stem the rise of extremism, and engage economically to promote regional prosperity. However, questions remain about China's future intent in Southeast Asia and its willingness to be transparent and open, and pursue actions that support and strengthen the international political, economic, and security systems.

As President Obama has stated, "We can't predict with certainty what the future will bring, but we can be certain about the issues that will define our times." China's growing presence and influence on economic and security questions of regional and global consequence has become one of these defining issues. Indeed, China has made substantial progress over the past thirty years in raising national incomes and in achieving higher living standards for the Chinese people. We respect and applaud this achievement of historical importance. The United States has done much to encourage and facilitate China's development and prosperity through its engagement with the international community. The United States welcomes a strong, prosperous, and successful China that plays a greater and more responsible role in world affairs. Yet, at the same time, we have been watching carefully as China has also embarked on a comprehensive effort to translate its economic capacity into military power and influence in Southeast Asia and elsewhere.

With increased security engagement in Southeast Asia from both the United States and China, it is even more important to promote greater openness and transparency. The Department of Defense and other parts of the U.S. Government are investing in an expanded suite of mechanisms for dialogue and consultation with China, such as the State and Treasury-led Strategic and Economic Dialogue, an enhanced program for military-to-military exchange, DoD's Defense Consultative Talks, and the previously mentioned, invigorated Military Maritime Consultative Agreement Process to manage maritime safety issues between our two armed forces.

China is a rising power that is seeking a larger place in the world and a stronger military as part of that larger role. As China's international role expands, and its defense engagement in Southeast Asia increases, our two militaries will increasingly find themselves operating in the same space. We need to have sustainable and reliable communication channels to ensure that China understands our interests and does not seek to challenge them militarily. As we welcome China's increased role in Southeast Asia in pursuit of its own national objectives, we wish to ensure that it does so in

ways that do not conflict with international norms or the interests of those nations of Southeast Asia.

**Conclusion:**

Southeast Asia is likely to play the critical role in defining the future of Asia-Pacific writ large, and continued U.S. engagement with the region allows the United States to shape that future. We will continue to use military engagement with our Southeast Asian allies and friends and China to demonstrate U.S. commitment to the Asia-Pacific region, to further common goals and objectives, and to encourage China to play a constructive role in the region. But, we will also maintain our presence and our Alliances in Asia, develop our capabilities, and clearly communicate U.S. resolve to maintain peace and stability. The United States has made a consistent choice over multiple decades that our interests lie in constructive engagement with China, combined with a strong network of alliance and partnerships in the region. I am confident that through this approach, we will continue to serve our interests and those of our allies and friends throughout the region.